

Insights



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Top Risk Management Issues for Florida Condo Developers: Part I

By [Robert Alfert, Jr.](#)
Multi-Housing News

In an article published in Multi-Housing News on July 2, Orlando partner Robert Alfert discusses the liability assumed by condominium developers in Florida and related risk management tips.

“Under Florida’s Condominium Act Warranty Law, developers are as equally liable as the contractor to unit owners, successor owners, and the association for ‘fitness and merchantability for the purposes or uses intended,’” he explains. Alfert highlights key risk management measures that developers can implement to lessen and manage risk on their condominium projects.

Among tips discussed, Alfert advises developers to form the single purpose entity (SPE) as early as possible in the planning process. Once formed, separately insure the SPE. “Given the liability carried by a developer on a Florida condominium, the SPE itself requires separate insurance with coverage limits that are commensurate with the project value and risk,” he states. “The Commercial General Liability (CGL) policy is the most important coverage for the developer in this respect, providing certain protection for injuries, property damage and potentially even construction failures that cause damages.”

Alfert also encourages developers to consider a performance bond on the project. The most comprehensive form of coverage that a developer can obtain with respect to the contractor's performance, a performance bond is a third-party guarantee from a surety company that will either pay for the defects and damages, or the cost to complete, or will step in with a replacement contractor to remedy the issues. He states, "The contract should be drafted as broadly as possible, with the bond explicitly required, and in a form that follows the contract."

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